

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 TRSE-00 OMB-01 FRB-01 AID-05 EB-04

COME-00 SS-15 CIEP-01 CIAE-00 INR-05 NSAE-00 RSC-01

PA-01 PRS-01 USIE-00 L-01 INRE-00 SSO-00 /047 R

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TREAS:WCMCFADDEN (SUBS)

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES IMMEDIATE

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E.O. 11652:N/A

TAGS: EGIN, AR

SUBJECT: ARGENTINE CREDIT WORTHINESS AND FINANCIAL
SITUATION

REF.: BUENOS AIRES 7591

1. DEPARTMENT HAS RAISED REFTEL WITH COMPTROLLER OF THE
CURRENCY OFFICIALS.

2. FULL TEXT OF LETTER FROM JAMES SMITH, COMPTROLLER OF
THE CURRENCY, TO AMBASSADOR ORFILA DATED OCTOBER 7 FOLLOWS:
QTE. DEAR MR. AMBASSADOR: THIS IS TO OFFICIALLY CONFIRM
MY VIEWS CONCERNING REPORTS RECENTLY PUBLISHED IN THE
AMERICAN BANKER AND IN OTHER DOMESTIC AND FOREIGN NEWS-
PAPERS.

THE ALARMING HEADLINES AND THE ERRONEOUS CONTENTS OF THESE
REPORTS WERE NOT ONLY DAMAGING TO THE AMERICAN AND FOREIGN
BANKING SYSTEMS, BUT THEY WERE ALSO UNFAIRLY DAMAGING TO
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THE FINANCIAL AFFAIRS OF SEVERAL HIGHLY RESPECTED FOREIGN

GOVERNMENTS.

THE NATIONAL BANK EXAMINERS OF THIS OFFICE ARE PROFESSIONAL CREDIT ANALYSTS AND, LIKE OTHERS IN THEIR PROFESSION, THEY ARE FULLY AWARE OF THE FINANCIAL PROGRESS DEMONSTRATED BY THE GOVERNMENT OF ARGENTINA DURING THE PAST YEAR.

NATIONAL BANK EXAMINERS HAVE ALWAYS BEEN REQUIRED TO DETERMINE THE QUALITY OF LOANS WHICH HAVE BEEN MADE BY NATIONAL BANKS. HOWEVER, THE DECISION TO GRANT LOANS ARE MADE BY THE BANKERS AND NOT BY THIS OFFICE.

AFTER THOSE LOANS HAVE BEEN MADE AND AFTER THE BANK HAS BEEN EXAMINED, THE EXAMINER'S VIEWS ARE REPORTED TO THE BANKER ON A CONFIDENTIAL BASIS. NEITHER THE BANKER NOR THE EXAMINER IS AUTHORIZED TO DISCLOSE THE CONTENTS OF THAT REPORT TO BANK CUSTOMERS OR TO THE PUBLIC.

I HAVE RECENTLY BEEN EXTREMELY DISAPPOINTED BY REPORTS THAT CERTAIN BANKERS ARE REFERRING TO ERRONEOUS NEWS STATEMENTS AND TELLING THEIR CUSTOMERS THAT THEY CANNOT GRANT CREDIT BECAUSE OF INSTRUCTIONS FROM MY OFFICE. YOU MAY BE ASSURED THAT MY OFFICE DOES NOT ISSUE SUCH INSTRUCTIONS AND THAT I WILL DEAL WITH THE BANKERS INVOLVED TO CORRECT THIS SITUATION. UNQTE.

3. DEPARTMENT UNAWARE OF LETTER UNTIL RECEIPT REFTEL. WE BELIEVE PARA 3 OF LETTER IS BASIS UPON WHICH "LA NACION" AND OTHERS MAY HAVE DRAWN INFERENCES WHICH COMPTROLLER ADVISES HE DID NOT INTEND. THAT OFFICE ASSURES US THAT THE "FINANCIAL PROGRESS" MENTIONED IN PARA 3 REFERS ONLY TO ARGENTINA'S RECENTLY IMPROVED BALANCE OF PAYMENTS SITUATION, AND NOT TO ANY OF THE SPECIFIC ECONOMIC MEASURES ATTRIBUTABLE TO GELBARD AND WHICH MAY HAVE CAUSED SO MANY PROBLEMS FOR U.S. BUSINESSMEN IN ARGENTINA. IN FACT, DEPARTMENT CONVINCED THAT AT TIME OF ORFILA-SMITH CONTACTS OFFICE OF THE COMPTROLLER WAS NOT AWARE OF ALL GELBARD MEASURES OR OF FULL EXTENT THEIR IMPACT ON U.S. BUSINESSES IN ARGENTINA.

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4. WE WILL KEEP EMBASSY INFORMED AS ADDITIONAL INFORMATION IS OBTAINED. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDIT, ECONOMIC CONDITIONS, PRESS COMMENTS, FINANCIAL DATA, DIPLOMATIC COMMUNICATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
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Disposition History: n/a
Disposition Reason:
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Enclosure: n/a
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Errors: N/A
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From: STATE
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1974/newtext/t19741042/aaaabjkr.tel
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Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 05 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 SEP 2002 by boyleja>; APPROVED <05 MAR 2003 by boyleja>
Review Markings:

Declassified/Released
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EO Systematic Review
30 JUN 2005

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Review Transfer Date:
Review Withdrawn Fields: n/a
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TAGS: EFIN, EGEN, AR, (SMITH, JAMES), (ORFILA)
To: BUENOS AIRES
Type: TE
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